

CONNECTICUT HEALTH INSURANCE EXCHANGE PLANNING PROJECT

TASK 8 – DISCUSSION DOCUMENT FOR SEPTEMBER 7 MEETING WITH STATE

TASK SCOPE

Identify **information system requirements** for Exchange *financial management* processes; IN-SCOPE PROCESSES include:

- **“Customer-touching” processes**
 - Premium billing, collection, aggregation and disbursement
 - Premium tax credit administration and coordination
 - Cost sharing assistance administration and coordination
 - Billing and collection of other revenue sources, e.g. carrier assessments (for self-sustainability) and government transfers
 - *Coordination: manage inflows from individuals, employers, carriers, government, other sources; manage outlays to plans, brokers and vendors.*
- **“Back-end” processes**
 - Cash management
 - Funds tracking/management
 - Financial accounting – GL, A/R, A/P
- **Administration of the quasi-public Exchange entity** (which according to the enacting legislation is a “public instrumentality and political subdivision of the state” but not a “department, institution or agency of the state”) to include all of the functions typically associated with running a stand-alone, self-sustaining organization **over and above** the ones listed under “back-end” processes: asset management, payroll, supply chain management and contract administration. These functions are generally associated with an *Enterprise Resource Planning (ERP)* solution.
- **Management of all business rules associated with the aforementioned functions**
- **Support of audits and program integrity management activities** associated with the above functions. This includes internal controls that must be built into the applicable systems.
- **Reporting** directly associated with the above functions (for internal, state or federal use); includes reporting to subscribers, plans, CCIIO and IRS.

BASIS FOR TASK SCOPE

1. ACA Section 1313
 - a. An Exchange will account for expenditures; keep an accurate account of all activities, receipts, and expenditures and will annually submit a report to HHS;
 - b. May be subject to investigation by the Secretary;
 - c. Be subject to annual audits;
 - d. May lose payments for engaging in serious misconduct;
 - e. Implement measures or procedures that reduce fraud and abuse;
 - f. Payments made by, through, or in connection with the Exchange will be subject to the False Claims Act and be studied by the Comptroller General.
2. Level 1 and 2 Establishment Grant FOA
 - a. As required by Section 1313, each Exchange will establish a financial management structure and accounting system that adheres to applicable provisions of generally accepted accounting requirements and ensures sound financial management of Exchange funds.
 - b. The Financial Management core area includes the infrastructure the Exchange must establish for financial management
 - c. 2011 goals:
 - i. Begin defining financial management structure and the scope of activities required to comply with requirements.
 - ii. Establish a financial management (organizational) structure.
 - iii. Commit to hiring CFO and experienced accountants to support financial management activities of the Exchange, which include responding to audit requests and inquiries of the Secretary and the GAO as needed.
 - iv. Begin developing requirements for systems and program operations, including providing relevant information to QHP issuers and HHS to start, stop, or change the level of premium tax credits and cost-sharing reductions.
 - d. 2012 goals:
 - i. Assess adequacy of accounting and financial reporting systems.
 - ii. Conduct a third party objective review of all systems of internal control.
 - e. 2013 goals:
 - i. Demonstrate capability to manage the finances of the Exchange soundly, including the ability to publish all expenses, receivables, and expenditures consistent with Federal requirements.
 - f. 2014 goals:
 - i. Post information related to Exchange financial management on its website and has identified other means to make financial activities associated with the management of the Exchange transparent.
 - ii. Submit the required annual accounting report to HHS.
 - g. Appendix C (IT Gap Analysis) elements
 - i. Technical architecture (current vs. target hardware and software)
 - ii. Applicable data management standards including NIEM
 - iii. Business rule management
 - iv. HIPAA privacy and security rules
 - v. FIPS (NIST standards)

- h. Appendix D (Exchange IT) elements
 - i. SDLC
 - ii. SOA/leverage Web Services
 - iii. Interoperability/integration with Medicaid and CHIP systems (as deemed applicable for in-scope business processes)
 - iv. Interoperability/integration with federal systems such as the Data Services Hub (as deemed applicable for in-scope business processes)
- 3. Functionality assumptions
 - a. Premium Tax Credit and Cost-sharing Reduction Calculator functions will be performed by federal Data Services Hub.
- 4. Other sources
 - a. Internal controls (as it relates to information systems)
 - i. Exchange should look to existing government agencies for internal control models and reporting systems to evaluate.
 - ii. Will also look to other guidance and best practice models:
 - 1. U.S. Federal Sentencing Guidelines of 2005
 - 2. U.S. Sarbanes-Oxley Act of 2002
 - 3. Institute of Certified Public Accountants (AICPA)
 - 4. Association of Certified Fraud Examiners (ACFE)